



FY2002 GAAP INSTRUCTIONS

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FY2002

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NOTE: Instructions for Decentralized Departments and the Higher Education Users Guide for Audited Financial Statements are issued as separate documents.

SECTION 1: INTRODUCTION

Throughout the year the Commonwealth accounts for its financial operations on the statutory basis of accounting, often referred to as the "budgetary basis". The Commonwealth's budget and the Statutory basis financial statements follow the accounting principles defined by Massachusetts' law.

For its Comprehensive Annual Financial Report (CAFR), the Commonwealth reports on the basis of generally accepted accounting principles (GAAP) as defined for governments by the Governmental Accounting Standards Board. The CAFR includes information about the extent of certain future expenditure commitments that have been made in the current and prior years and any revenue earned but not yet collected to meet them. The CAFR also includes information about the financial operations of certain independent authorities through which state business is conducted.

In FY2001 we have again submitted the CAFR for review as part of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program. The past eleven CAFRs have received this award. Such accomplishments are important indicators to the financial community that the Commonwealth continues to meet the highest standards for financial accounting and reporting.

This could not have been accomplished without the cooperation and effort of those who prepared the GAAP departmental information included in the CAFR. The Office of the Comptroller extends its appreciation for FY2001, and thanks in advance, to many individuals who will be working to ensure that the FY2002 effort is completed on schedule. With your help, the Commonwealth's financial reporting will continue to improve.

We also remain committed to making GAAP reporting as efficient as possible. Departmental cooperation is valued, and we welcome ideas for further improvement.

FY2002 HIGHLIGHTS

- **Accounts Receivable:** Comptroller Policy Memo #315 OSC Policy on Reporting of Earned Revenue/Accounts Receivable dated August 28, 2001 provides specific guidance in this area. See Section 2 for more detail on GAAP Receivables.

Departments will be able to review the RPT286F report around July 15, 2002. There should **be no changes made to the outstanding BARS receivable amount or the current or prior year revenue amounts reported**. All FY2002 BARS billing related activity must be posted to FY2002 by July 10, 2002. After July 10, 2002, departments should call their BARS Revenue Bureau coordinator for further questions.

- **Fixed Assets:** Policy requires an "FA" to be recorded on MMARS at acquisition of GAAP Fixed Assets. All "FAs" must be recorded by June 30. New capitalization thresholds and new requirements are established to capitalize infrastructure in FY02. See Comptroller Policy Memo #313.
- **Leases:** All lease information is reported by departments through MMARS which is subject to audit. Departments will record the "FA" for capital assets acquired through leases. Please reference Section 5 of this document and the Opening/Closing Instructions.
- **Due Date:** All GAAP information covered in these Instructions has a uniform due date that must be met: Monday, August 5, 2002. A GAAP Reporting Transmittal form (Exhibit 1) will again be used.
- **Decentralized Departments:** Departments, which report at the facility level, will receive a Decentralized Departments Supplement and individual follow-up as needed to support complete and consistent reporting.
- **Higher Education Institutions (Audited):** A guidance package for Higher Education Institutions preparing audited financial statements will be issued separately. For FY2002 the statements will be issued under GASB 35 requirements.

- **Vacation and Sick Leave Balances:** All departments are on the HR/CMS System. The Comptroller's Office will use this report to calculate compensated absence accruals, no action is needed by departments. The departments are responsible for accuracy of the personnel data. Data for the Early Retirement Incentive Plan (ERIP) accruals will be compiled as of June 30, 2002. Departments must verify that all accrued vacation and sick leave buyback balances are recorded on HR/CMS.
- **Accounts Payable:** The adoption of strong encumbrance management procedures several years ago eliminated the need for separate GAAP reporting of accounts payable for most departments. However, there are certain exceptional situations in which a payable exists (goods have been received or services performed by June 30, 2002), but the FY2002 appropriation is insufficient to support the encumbrance and/or payment of such payable. On the statutory basis, these liabilities will be encumbered and paid from FY2003 appropriations, but they must be recognized in FY2002 for GAAP. If a department suspects that such a payable exists, it should contact the Comptroller's Financial Reporting and Analysis Bureau for guidance.
- **Audit:** All documentation supporting GAAP information is subject to audit. Departments should retain a copy of the GAAP information on site for the internal or external auditors. According to the Commonwealth's record retention policies, GAAP documentation should be retained for four years by the department after the fiscal year end. It should be kept for two years at the department and then archived.
- **Questions:** Please email your questions directly to Cathy DiGianni at the following email address: Cathy.Digianni@state.ma.us. If a department needs additional assistance, we will set up a meeting with the GAAP Liaison.

GENERAL DOCUMENTATION GUIDELINES

Completed GAAP forms should be signed (or initialed on line) by the responsible department and/or facility personnel. Signers will be the primary contacts for follow-up questions from both Comptroller's Financial Reporting and Analysis Bureau and auditors.

Departments remain responsible for preparing and maintaining auditable supporting documentation and should also retain a copy of all the GAAP information submitted to the Office of the Comptroller. The final HR/CMS Report, distributed to departments in mid July, will be retained as the official record of FY2002 compensated absence accruals. Often, the supporting documentation includes summary worksheets as well as the underlying documents themselves. Any worksheets should include enough identifying information (e.g., DOC ID) to easily cross-reference to the documents summarized. This will make it easier to locate the documents, if necessary, for audit by staff from the Office of the State Auditor and/or the Commonwealth's independent audit firm.

When an amount is estimated, the documentation should include the procedures, assumptions, computations and methods used to develop the estimate. This documentation should also be readily available for audit review.

SECTION 2: ACCOUNTS RECEIVABLE

OVERVIEW

ACCOUNTS RECEIVABLE

On a statutory basis, revenue is generally recorded when the confirming cash is collected. Under GAAP, revenue is measured when earned. In this context, "accounts receivable" (A/R) represent additional revenue earned, but not yet measured on the statutory basis, for services performed or goods provided on or before year-end. Under GAAP, the receivable exists if the service was performed or the goods were provided on or before the June 30 year-end cut-off, regardless of when the department posts the transactions to MMARS or sends its bills.

It is the goal of the Office of the Comptroller to ensure that full accounting, recording and reporting of earned revenue/accounts receivable due to the Commonwealth is accomplished through the Commonwealth Billing and Accounts Receivable Subsystem (BARS). As a result of the full accounting requirement the compilation of GAAP A/R has been largely automated. Comptroller Policy Memo #315 OSC Policy on Reporting of Earned Revenue / Accounts Receivable dated August 28, 2001 provides specific guidance in this area.

It is essential that a single standard for reporting of earned revenue/accounts receivable is adhered to by departments. It is intended that BARS will electronically provide the majority of the required receivable data for the Statutory Basis Financial Report (SBFR) and the Comprehensive Annual Financial Report (CAFR).

Departments are required to use BARS to process the appropriate BARS revenue transaction (RE, RI's or RD's) to accurately report all FY02 **Earned Revenue/Accounts Receivable** by July 10, 2002, as outlined in the Comptroller's Closing/Opening Instructions. From July 1, 2002 through July 10, 2002 BARS transactions (RE, RI, RD and WO's) will require a PEND5 (Comptroller approval status) approval to ensure that they post to the correct fiscal year. After July 10, all questions regarding any FY02 BARS transactions must be facilitated through your BARS revenue coordinator.

MMARS reports 286F (Accounts Receivable and Revenue Report), 432D and 432E (Accounts Receivable Aging Analysis) reports will be available on View Direct. These reports will be the basis for annual GAAP analysis. See Exhibits 2-A, 2-B, and 2-C. Please review these reports to identify Non-BARS Receivables, Uncollectible and Deferred Revenue amounts. If you have additional information for any of the three categories, please print your department's receivable detail and return them with your edits to the Financial Reporting Bureau as part of the GAAP reporting.

If the total A/R for your department is less than \$1,000,000 then you do not need to do any analysis for GAAP reporting purposes; just review and check off the transmittal form.

If the receivable is more than \$1,000,000 a full analysis is required. You need to review the information for completeness, identify the uncollectible amounts, record any related Non-BARS and any Deferred A/R. Only departments with long billing cycles should have Non-BARS receivables. We anticipate that all other departments will record their activity by July 10.

UNCOLLECTIBLES

"Uncollectibles" represent the best estimate of the future collectibility of accounts receivable. Estimate the amount, if any, for uncollectibles based on the accounts receivable and the method for the calculation. If the department has uncollectible receivables, record the amount in the uncollectible column on the RPT286F.

Please note on Exhibit 4 the method for calculating uncollectibles. For Summary A/R please note your best estimate of calculating an uncollectible. The methods we find acceptable are:

- use of a percent by aging category that corresponds to past collection or disallowance experience, e.g., 5% of the accounts receivable aged for 31-60 days, 10% for 61-90 days and 25% for over 90 days past due
- all amounts unpaid for more than a certain period, e.g., more than 120 days after the due date
- reporting all items in debt collection status as uncollectible in combination with one of the above criteria.

Departments will reduce the receivables during the course of the fiscal year for write-offs using the appropriate **Revenue Bureau (BARS) Unit** transaction (WO transaction). The write-offs can only be processed after a proper approval by the Office of the Comptroller.

DEFERRED REVENUE

The concept of "deferred revenue" relates the earning of revenue to the collection of cash. It is the portion of the total receivable at June 30th that the department expects will take longer than one year to collect. If the department has deferred revenue, record it in the deferred revenue column on the RPT286F to indicate that it will not be able to use the cash in the coming fiscal year. Deferred revenue does not reduce reported accounts receivable, because the revenue has been earned and is collectible.

Please note the estimation method of your deferred revenue on Exhibit 4.

For example, an invoice for \$100,000 is issued on July 5, 2002, for services provided from June 1 through June 30, 2002; the contract specifies that payment is not due until July 2003. At June 30, 2002, the department would report the \$100,000 as both accounts receivable and deferred revenue. This records the fact that the revenue event has occurred, but the confirming cash will not be available for more than a year. The incidence of deferred revenue situations in the Commonwealth is rare.

ANALYSIS

In order to facilitate desk review and audit, departments will analyze the reasonableness of their GAAP results:

- Do the three components (accounts receivable, uncollectibles and deferred revenue) make sense in relationship to each other?
- Do receivables make sense in comparison to revenue?
- Did FY2002 revenue, accounts receivable or uncollectibles change significantly from FY2001? If so, why?
- Are any adjustments to the June 30 BARS receivable necessary?

These kinds of questions are asked during desk review by the Comptroller's Financial Reporting and Analysis Bureau, and they are asked by the auditors. By performing similar analysis while preparing the GAAP data, departments will reduce subsequent follow-up questions.

METHOD

ACCOUNTS RECEIVABLE

As outlined in the Closing/Opening Instructions, special PEND5 approval procedures in effect July 1 through July 10 allow departments to complete FY2002 BARS transactions before the GAAP accounts receivable reports are run.

The RPT286F will be the basic vehicle for accounts receivable reporting.

The RPT286F is department-based and organized by MMARS fund and revenue category, with revenue source code detail. This report, which will be issued as of July 10, displays final FY2001 revenue, FY2002 revenue recorded through July 10 and the FY2002 BARS A/R balance for each revenue source. This report also contains blank columns for manual posting of Non-BARS accounts receivable uncollectibles and deferred revenue.

The FY2001 Prior Year Revenue Column displays final FY2001 revenues. This amount should not be changed. The FY2002 Current Year Revenue Column will display FY2002 revenue recorded through July 10. Do not change this amount for FY2002 revenue activity recorded after July 10. Departments with FY2002 revenue questions should contact the Comptroller's Accounting Bureau for guidance.

The "BARS Receivable" column displays the BARS balance for each revenue source code "as of" June 30. It reflects all open receivable balances, including FY2002 RE, RI and RD transactions entered through July 10, and related cash receipt (CT)

transactions through June 30. These amounts must be supported by the department's auditable detail. There should not be any changes in the BARS balance on MMARS beyond July 10, 2002 for the fiscal year. If you have any FY2002 BARS A/R not posted by July 10, please contact the Comptroller's Revenue Bureau.

Any Non-BARS accounts receivable amount will be posted manually in the "Non-BARS Receivable" column. These represent only receivables for which the department does not process on BARS. The reasons should be noted, and the department or facility will need to support these amounts with auditable detail. Departments with long billing cycles are reminded to include all unbilled services performed by June 30 as Non-BARS Receivables and coordinate with the Comptroller's Revenue Bureau for guidance.

If the department's total accounts receivable (BARS total plus any Non-BARS) is less than \$1,000,000, the department or facility should simply enter "N/A" in the "Uncollectible" and "Deferred" columns. If total is \$1,000,000 or greater, the related uncollectible and deferred revenue must both be estimated and reported in their respective columns, even if the amount is zero. This will confirm that the item has not simply been overlooked.

Special Situations:

Federal Grants in MMARS Fund 100 report statutory basis accounts receivable for certain cash draws received between July 1 and August 31 and credited to the prior budget fiscal year to match accounts payable payments. The Comptroller's Accounting Bureau will ensure proper GAAP reporting for this activity for departments participating in the automated central draw. Departments not using the central draw, established to ensure compliance with the Federal Cash Management Improvement Act (CMIA), should contact the Comptroller's Accounting Bureau for guidance. Departments do not need to prepare GAAP information for MMARS Fund 100 Federal Grant receivables because they are covered by the Accounting Bureau's central procedures.

Interdepartmental Voucher (IV) transactions are used to record the selling and buying of specific goods and services between various state departments. IVs do not generate GAAP interdepartmental receivables. As discussed in the Closing/Opening Instructions, departments should make every effort to complete their FY2002 IV activity by June 30 and/or work with the Comptroller's Operations Bureau (payments) to ensure that these transactions are properly recorded. IVs go to PEND5 status after June 30 to facilitate this.

Revenue Category 08 (Other Financing Sources) includes Comptroller-initiated activity such as proceeds of bond sales and operating transfers that do not ordinarily generate accounts receivable. Departments with potential accounts receivable in this category should contact the Helpline.

Summary Revenue Event (RE) transactions are used by departments authorized to maintain their detail billing, cash receipts and accounts receivable balances on Non-BARS systems. These departments are required to record summary RE transactions at least monthly. They must also reconcile their BARS accounts receivable balances with their subsidiary systems monthly.

Departments will reduce summary receivables during the course of the fiscal year for write-offs using the appropriate BARS transaction (WO transaction). The write-offs can only be processed after a proper approval by the Office of the Comptroller.

Information from the departmental system should be posted to RPT286F and summarized as described above. These departments must reconcile the BARS accounts receivable amounts per the RPT286F with their detail records. This reconciliation will identify potential Non-BARS accounts receivable and BARS accounts receivable adjustments. All Non-BARS adjustments should be noted on RPT286F. All adjustments to BARS A/R should be communicated through the CTR Revenue Bureau. This reconciliation and supporting Non-BARS detail may be requested for desk review and/or audit and should be readily available.

UNCOLLECTIBLES

BARS aging reports RPT432D & E are available on View Direct for departments use to estimate the uncollectible and post this amount on RPT286F. If the total receivable is less than \$1,000,000 no further action is necessary. If your outstanding receivable exceeds \$1,000,000 you must post your estimated uncollectible on the report. In addition, departments must include the estimate of the uncollectible portion of their Non-BARS A/R. Note on Exhibit 4 what you believe is a good uncollectible method for your BARS or Non-BARS A/R.

The BARS write-off (WO) transaction was implemented to write off accounts which have been determined to be uncollectible. Specific criteria will be applied to provide the legal basis for use of the WO, according to procedures issued by the Comptroller's Office.

Any accounts receivable balances for which the department expects to process WOs for write-off during FY2003 should be included as uncollectible. FY2002 WO's processed through period 12-2002 will have already reduced accounts receivable balances and should not be reported as uncollectibles. Departments should review their accounts receivables for potential FY2002 write-off during April and May, and submit all write-off requests with supporting documentation to the Comptroller's Revenue Bureau (BARS) unit by June 7.

DEFERRED REVENUE

The review of RPT286F, and the RPT432D and RPT432E reports, which will be on View Direct, will identify receivables which are "old" because they will generally take longer than a year to collect. These may represent deferred revenues which will eventually be collected and should not be confused with uncollectible.

If any deferred amounts are identified, the department should identify similar accounts which are "current" at year end but will not be collected until after July 1, 2003. Please note these on the RPT286F. Also describe your accrual procedure on Exhibit 4.

SUMMARIZATION

After each revenue source has been reviewed and the appropriate Non-BARS accounts receivable, uncollectible and deferred revenues have been posted to the RPT286F **each column should be totaled by revenue category and fund.**

ANALYSIS

Departments will document their analysis of amounts they have posted to the Accounts Receivable Analysis form (Exhibit 3). An explanation **must** be provided whenever a revenue source code indicates one of the following:

- Change between FY2001 and FY2002 revenue is > 25% and \$10,000,000
- FY2002 revenue is ≥ \$5,000,000 and there is no accounts receivable amount
- Receivable is ≥ \$2,500,000 and > 25% of FY2002 revenue
- Uncollectible is ≥ \$500,000 and > 25% of the accounts receivable amount
- Deferred revenue is ≥ \$500,000 and > 25% of the accounts receivable amount.

Clear concise explanations of **all** applicable conditions will limit follow-up questions during the Financial Reporting and Analysis Bureau's desk review and/or audit. Departments should be prepared to explain their fluctuations.

The Bureau's staff will also compare FY2002 accounts receivable (BARS plus Non-BARS), uncollectible and deferred revenue balances by revenue category to final amounts for FY2001 and may contact departments for explanations of significant increases/decreases. Departments should be prepared to explain their fluctuations.

PROPOSED BARS ADJUSTMENTS

It is expected that PEND5 processing for REs, RIs and RDs through July 10 will eliminate the need for GAAP adjustments to BARS balances. However, such adjustments may still result from data entry errors, the use of an incorrect revenue source code

or CT processing that did not properly reference an RE. Please coordinate all such adjustments through the Revenue Bureau; for adjustments > \$100,000 only; please note these adjustments on the RPT286F.

Departments should not change any revenue balances on the form.

- Note in cases where the FY2003 cash receipts are received are different than the FY2002 receivable; the accounts receivable should be relieved in FY2003; but no adjustment should be made to the June 30, 2002 accounts receivable.
- Amounts and adjustments too late for the July 10 cut-off should be reported to the Comptroller's Revenue Bureau for "late" FY2002 handling.

FREQUENTLY ASKED QUESTIONS

Q. What are GAAP accounts receivable?

A. Accounts receivable represent revenues earned and billed during one fiscal period for which the confirming cash is not collected until a later fiscal period. For example, if a department provides services on June 14, 2002 (FY2002) it would process an FY2002 RE to record a receivable on BARS.

All FY2002 RE's should be posted by July 10. Otherwise, the department will have to take extra steps to communicate with the BARS Unit to report receivables for GAAP, and process the corresponding BARS transaction. When the payment is received, e.g., on July 17, an FY2003 CT document would reference the RE.

Q. Is there a federal reimbursement receivable if the claim has not been filed by June 30, 2002?

A. Yes, provided the reimbursable expenditures have been incurred (the goods were delivered or the service performed) on or before June 30, 2002. A federal reimbursement generates a receivable whenever the underlying expenditure has been incurred but reimbursement has not been received.

Q. If a department normally needs 3 weeks to prepare and process an RE, should it propose a BARS accounts receivable adjustment for REs posted on July 16, for services performed on June 25?

A. No, the department should contact the BARS Unit to process the REs.

Q. RPT286F reports a BARS accounts receivable of \$600,000 and the department estimates that \$100,000 will be uncollectible. Is the GAAP accounts receivable \$600,000 or \$500,000?

A. The \$600,000 BARS accounts receivable and \$100,000 estimated uncollectible should both be reported on the A/R Report. These amounts should not be netted.

Q. If branch offices report June cash receipts to the central office on July 3, should the department report a receivable as of June 30?

A. No, these are still FY2002 receipts. As described in the Closing/Opening Instructions, departments will process FY2002 CD and CT transactions by July 10, and clear all sweep accounts, including Fund 699 (Cash Sweep Clearing Fund) sweep accounts by that date. Sweep account revenue source codes must have zero balances.

Q. On July 16, a department realizes that a CT transaction it input on June 27 did not reference the related RE transaction. How should this be reported for GAAP?

A. Since FY2002 BARS processing closed on July 10, the department is responsible for coordinating with the BARS Unit to process the adjustment as FY2002 BARS activity. The department should contact its BARS coordinator for assistance.

Q. On May 20th, a department writes off \$500,000 uncollectible accounts receivable on its internal system, but does not process WO transactions to record this write off on BARS. Should the department report this as an uncollectible accounts receivable in completing its GAAP Reporting?

A. Yes, since the write off has not been recorded on BARS, it is necessary for the department to report this \$500,000 as an uncollectible accounts receivable. Please make a note on the RPT286F.

SECTION 3: COMPENSATED ABSENCES

OVERVIEW

When employees earn the right to compensated absence time and can carry it forward from one fiscal year to the next, a liability is created. At year end the employer "owes" the employee a certain amount related to past service, which can be calculated from the accumulated amount of unused time earned and the employee's current rate of pay. Under GAAP, the Commonwealth must measure and record this liability. For statutory basis reporting this is not an issue, since the Commonwealth uses the "pay-as-you-go" method. The Comptroller's Office will use the HR/CMS Report HMBEN008 to calculate these liabilities. No action is required by departments. During the audit, this report will be used to verify compensated absence data. Departments will be contacted if additional analysis is needed.

HR/CMS is the official time and attendance record of the Commonwealth. GAAP Liaisons should confirm that there is a procedure within the department to ensure that the records are accurate and complete.

Data for the Early Retirement Incentive Plan (ERIP) accruals will be compiled as of June 30, 2002. Departments must verify that all accrued vacation and sick leave buyback balances are recorded on HR/CMS.

SECTION 4: FIXED ASSETS

OVERVIEW

Fixed assets are items of physical property which are expected to be used for a period greater than one year. This period is generally called the fixed asset's useful life. See Comptroller's Policy Memos 310, 311 and 313 on the Comptroller's website.

Fixed assets also have a substantial cost. For financial statement reporting, GAAP fixed assets have been defined by the Commonwealth as equipment, vehicles and construction in progress with a historical unit cost equal to or greater than \$50,000, buildings and infrastructure assets greater than \$100,000 and all land regardless of cost. The historical cost is the original cost of a fixed asset when acquired including ancillary costs. Usually this is its purchase price or construction cost. If a fixed asset is donated, its estimated fair market value at the time of donation is recorded as its historical cost.

GAAP requires that all basic fixed asset accounting be done at historical cost. **When an asset is acquired, it is recorded via a fixed asset transaction (FA) at historical cost within 7 days of acquisition.** When the asset is retired from service through sale, disposal, loss or any other means, it is taken out of the accounting system again at its historical cost via a fixed asset disposal transaction (FD). Also on the FD, the sales price received for the disposal is a required entry in MMARS. Please see Exhibit 5 to provide additional information for assets disposed of.

METHOD

The fixed asset subsystem of MMARS will be used for FY2002 fixed asset reporting. The appropriate time to record the "FA" is at the time of acquisition of the asset. All "FAs" must be posted by June 30th.

Within the fixed asset subsystem, the Commonwealth identifies land, buildings, equipment, infrastructure and construction in progress which meet its financial reporting threshold as "GAAP fixed assets". All departments with GAAP fixed assets should be posting FY2002 acquisitions, betterments, transfers to other state departments and dispositions. Departments who have not attended fixed asset training should contact the Comptroller's Department Assistance Bureau.

SECTION 5: LEASE DISCLOSURE - COMMONWEALTH AS LESSEE

The reporting requirements for leases are outlined in the Comptrollers Policy Memo #311. In addition, please reference Policy 3-1 of the Fixed Asset Users Guide, Chapter 4 and appendix section titled “other procurement issues” of the Procurement Policies and Procedures Handbook, as well as section 5 of the Close/Open Book.

Departments are responsible for accurately reporting all lease information on MMARS via the FA and the LO Documents. The Capital Accounting Bureau at the Comptroller’s Office will be obtaining needed information from MMARS. **All lease information will be subject to audit** at the department level by internal and external auditors.

SECTION 6: ASSETS HELD IN TRUST

OVERVIEW

"Assets held in trust" are the cash and other assets which the Commonwealth holds in a trustee capacity for third parties. Examples include patient or inmate canteen and gift funds, property and bank accounts. Departmental detail concerning assets held in trust is ordinarily organized by asset type. For example, all patient bank accounts will be organized together, with detail support showing each individual patient's name and account balance.

In accordance with GAAP, the Commonwealth reports both the assets and the corresponding third-party liabilities. It also reports additions to, and deletions from, assets held during the fiscal year, in order to adequately disclose changes in its custodial responsibilities.

Special GAAP reporting is needed only for those assets that are held at the department or facility, or at a local bank, and not accounted for through MMARS. Information on funds already deposited with the Treasurer's Office and recorded via a CT transaction should not be reported, or they will be double-counted. The Helpline can provide information about whether or not such assets are already accounted for on MMARS.

METHOD

As shown in Exhibit 6, the FY2002 beginning balance for each asset type is the amount the department reported at the end of FY2001. Please input correct beginning balances on the forms.

The department will supply FY2002 additions, deletions, and ending balances for each asset type. Additions include both new assets and increases to assets held at the end of FY2002. Deletions include assets reclaimed by the third-party owner (e.g., patient), used by the third party, or used on his or her behalf.

The department should provide explanations for significant fluctuations in total assets held in trust according to the following criteria:

- FY2002's balance is \$500,000 greater or less than the FY2001 balance
- FY2002 additions or deletions are more than \$1,000,000 and 25% greater or less than the corresponding amount reported in FY2001.

The third-party assets, as well as the department's summary records, should be available for audit examination.

FREQUENTLY ASKED QUESTIONS

Q. Should the department report funds received in trust and on deposit with the State Treasurer?

A. No. These funds are already on MMARS.

Q. Should a department report jewelry or other property as assets held in trust?

A. Yes. However, departments should exercise caution about assigning a dollar value to this property unless it has been appraised. As trustee, the department is liable for the property if it is lost.

Q. How will decentralized multi-facility departments report assets held in trust?

A. These departments will report the department's total assets held in trust on the form included as Exhibit 6, with a supporting schedule by facility. Specific instructions are included in the Decentralized Departments Supplement.

Q. Should the department report all additions and deletions to client/patient bank accounts?

A. Yes, despite the number of bank accounts involved. To demonstrate the Commonwealth's accountability, it is essential that all additions and deletions in these third-party accounts be reported.

SECTION 7: MATERIALS AND SUPPLIES

OVERVIEW

Materials and supplies are consumable items used in departmental operations. Examples include office supplies, medical supplies and repair materials. Materials and supplies are ordinarily maintained in a central storage area where they can be physically safeguarded, and where they can also be counted (inventoried) efficiently.

Materials and supplies are generally used up or consumed within a year after acquisition. On a statutory basis, they are recorded as expenditures when purchased. For GAAP, however, any materials and supplies on hand at year-end, and intended for use in future operations, are considered assets. Special GAAP reporting is necessary to adjust expenditures and report these assets.

METHOD

If the department, facility or location estimates that its materials and supplies have a value greater than \$50,000, a physical inventory should be taken between June 20 and the close of business on June 30, with the date and time noted for potential audit follow-up. It is expected that all operating facilities (e.g., hospitals, treatment sites, correctional facilities, public works garages) will report materials and supplies.

The department must prepare and retain its physical inventory sheets. The sheets should identify each item, the quantity on hand, the unit cost and the total cost of each item. Only total costs, summarized under general descriptive headings, need to be reported on the Materials and Supplies form (Exhibit 7). The MMARS fund(s) and appropriation account(s) used to purchase the materials and supplies should be identified for each type of inventory reported.

The department's system of materials and supplies control should also be briefly described, including cost flow method (e.g., first-in, first-out (FIFO) or last-in, first-out (LIFO) and costing assumptions (e.g., cost, or the lower of cost or market).

FREQUENTLY ASKED QUESTIONS

- Q: If a department or facility estimates its material and supplies at more than \$50,000, what is the format used to inventory (count) and cost it?
- A. Physical inventory sheets prepared and retained by the department are usually organized as follows:
- | <u>Description</u> | <u>Quantity</u> | <u>Unit Cost</u> | <u>Total Cost</u> |
|--------------------|-----------------|------------------|-------------------|
| Item A | 10,000 | \$ 38 | \$380,000 |
| Item B | 504 | \$100 | <u>50,400</u> |
| | | | <u>\$430,400</u> |
- Q. What is the difference between "materials and supplies" and "non-GAAP fixed assets"?
- A. Materials and supplies have low unit costs and are items like paper, road salt, fuel oil or medicine that are generally consumed within a year after purchase. Non-GAAP fixed assets have an expected useful life greater than one year and include equipment and furniture with a historical unit cost between \$1,000 and \$14,999. Examples include lawn mowers, bookcases, hospital beds and personal computer components.
- Q. Does the department's GAAP materials and supplies inventory reporting satisfy any OSD requirements?
- A. No, these are two different requirements. For GAAP, the cost of materials and supplies available for use in the next fiscal year is needed Departments needing further assistance in this area should contact the Helpline.
- Q. How will decentralized multi-facility departments report material and supplies?
- A. They will report the department's total material and supplies as shown on Exhibit 7, with a supporting schedule by facility. Specific instructions are included in the Decentralized Departments supplement.

APPENDIX A: SCHEDULE OF FY2002 GAAP EVENTS

<u>Event</u>	<u>Date(s)</u>
Closing/Opening Training	April 26 & 30, 2002
GAAP Distribution #1 ⇒ Instruction Manual and Forms Packages	May 24, 2002
Fixed Asset Transactions Completed	June 30, 2002
GAAP Distribution #2 ⇒ RPT286 F&G, RPT432 D,E,F&G (as of July 10 deadline) available on View Direct	Close of Period 12 which is scheduled for July 10, 2002 (Watch MMARS news for updates)
Departmental Basic GAAP Packages Due	August 5, 2002
Comptroller Review of GAAP Packages	August 6 – October 25, 2002
Higher Education Accounts Payable (Fund 901)	August 9, 2002
Higher Education Federal Financial Assistance Schedules Distribution	August 12, 2002
FY2002 Encumbrance Lapsing	August 31, 2002
Onsite Audit of Departmental GAAP Reporting	September 2 – October 25, 2002
Higher Education Fixed Asset and Lease Information	September 13, 2002
Higher Education Federal Financial Assistance Schedules Due	September 13, 2002
Key Departments Special GAAP Reporting Due	October 1, 2002
Pension Plan Actuarial Valuation Reports Due	October 1, 2002
Audited Component Unit Financial Statements Due	October 15, 2002
Higher Education Audited Financials Due	October 15, 2002
Statutory Basis Financial Report (SBFR) Issued	October 31, 2002
Draft GAAP Financial Statements	November 15, 2002
Draft Notes To Financial Statements	November 27, 2002
Comprehensive Annual Financial Report (CAFR) Issued	December 16, 2002

APPENDIX B: COMPTROLLER'S GAAP RESOURCE AND ASSISTANCE PERSONS

Comptroller's Telephone:		(617) 727-5000	
Comptroller's FAX:		(617) 727-2163	
Revenue Bureau (BARS)	Kevin Moran	973-2606	Kevin.Moran@state.ma.us
Federal Grants	Robert McDonald	973-2438	Robert.McDonald@state.ma.us
Fixed Assets	Trish McKenna	973-2425	Trish.McKenna@state.ma.us
	Marybeth Newell	973-2450	Marybeth.Shaughnessy@state.ma.us
General GAAP Issues	John Haran	973-2674	John.Haran@state.ma.us
	Pauline Lieu	973-2668	Pauline.Lieu@state.ma.us
GASB 34/Financial Reporting Bureau	B. J. Trivedi	973-2663	BJ.Trivedi@state.ma.us
Helpline	Helpline Unit	727-5995	
Higher Education Reporting	Neil Gouse	973-2672	Neil.Gouse@state.ma.us
	Sehin Mekuria	973-2404	Sehin.Mekuria@state.ma.us
	Corine Pryme	973-2646	Corine.Pryme@state.ma.us
IV Transactions	Fred Russo	973-2306	Fred.Russo@state.ma.us
Lease Orders/Lease Coding	Sue Patts-Nagy	973-2322	Susan.Patts-Nagy@state.ma.us
MMARS Reports	MMARS Helpline	727-5995	
Payroll Management	Sam Moy	973-2628	Sam.Moy@state.ma.us
Records Management	Susan Dinkin	973-2622	Susan.Dinkin@state.ma.us
Revenue Reconciliation	Tony D'Onofrio	973-2648	Tony.Donofrio@state.ma.us
	Be Inman	973-2609	Be.Inman@state.ma.us
Single Audit	Bill Walsh	973-2686	Bill.Walsh@state.ma.us
	Susan Dinkin	973-2622	Susan.Dinkin@state.ma.us
Document Direct/ View Direct	Bob Ragucci, ITD, Chelsea	660-4555	bob.ragucci@itd.state.ma.us
	Joe Uzdavinis	660-4531	Joe.uzdavinis@itd.state.ma.us
Financial Reporting and Analysis Bureau Staff	BJ Trivedi	973-2663	BJ.Trivedi@state.ma.us
	Cathy DiGianni	973-2660	Cathy.DiGianni@state.ma.us
	Neil Gouse	973-2672	Neil.Gouse@state.ma.us
	John Haran	973-2674	John.Haran@state.ma.us
	Pauline Lieu	973-2668	Pauline.Lieu@state.ma.us
	Baheja Azizi	973-2326	Baheja.Azizi@state.ma.us

APPENDIX C: SAMPLE FY2002 GAAP REPORTING FORMS

This Appendix includes the sample reports and forms referenced as Exhibits in the text. These Exhibits provide illustrations of the manner in which GAAP information should be prepared and transmitted to the Office of the Comptroller. The actual forms to be used are provided in Appendix D.

COMMONWEALTH OF MASSACHUSETTS
FY2002 GAAP REPORTING TRANSMITTAL
DEPARTMENT/ORG: XYZ

Exhibit 1

TO: Financial Reporting and Analysis Bureau
Office of the Comptroller
One Ashburton Place - 9th Floor
Boston, MA 02108

Attention: Cathy Digianni

Date
Received
by FRAB: _____

FROM: Name: CHIEF FISCAL OFFICER
Title: C.F.O.
Telephone: 727-XXXX

, Primary GAAP Liaison

We enclose the following GAAP information as of June 30, 2002:

	Completed	Not Applicable	Verified by FRAB
Decentralized/multi-facility forms	_____	X	_____
Accounts Receivable:			
RPT286F	X	_____	_____
GAAP Accounts Receivable Analysis Form	X	_____	_____
Method for Estimating Uncollectible and Deferred Revenue	X	_____	_____
Fixed Asset Disposals	X	_____	_____
Assets Held in Trust	X	_____	_____
Materials and Supplies	X	_____	_____
Other: _____	_____	X	_____
_____	_____	X	_____

PREPARED BY: CHIEF FISCAL OFFICER

DATE: 8/02/2002

APPROVED BY: DEPARTMENT HEAD

DATE: 8/02/2002

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RUN DATE: 07/11/02
RUN TIME: 13:17
CTRREPT

C O M M O N W E A L T H O F M A S S A C H U S E T T 3
MMARS- MASSACHUSETTS MANAGEMENT ACCOUNTING AND REPORTING SYSTEM

REPORT PAGE: 220
REPORT ID: RPT286F
FY 2002
EXHIBIT 2A

ACCOUNTS RECEIVABLE AND REVENUE REPORT BY DEPT
THROUGH PERIOD 12 FY 2002 AS OF 07/10/2002

DEPT: XYZ

REV CAT	NAME	REV SRCE	NAME	FY2001 PRIOR YR REVENUE	FY2002 CURRENT YR REVENUE	OUTSTANDING BARS RECEIVABLE AMOUNT	NON-BARS RECEIVABLE AMOUNT	UNCOLLECTIBLE	DEFERRED
FUND: 010									
02	ASSESS	4800	S/ASSESS PUI	1,499,220	1,132,335	0			
TOTAL FOR REV CATG: 02				1,499,220	1,132,335	0			
03	FED-G-REIMB	5200	FED OPERATIO	-0	-0	0			
TOTAL FOR REV CATG: 03				-0	-0	0			
04	DEPT	0500	FEES	8,035,544	5,685,363	807			
		0699	DEPOSIT-ACCT	-0	5,443	0			
		0701	MISC. FEES	13,547	12,167	0			
		2750	NSF CHARGE	117	15	165			
		3000	LICENSES	346,273	181,755	0			
		4025	RENTS-LEASES	64,000	64,000	0			
TOTAL FOR REV CATG: 04				8,459,483	5,948,745	972			
07	O-REV	6900	MISC	980	235	0			
TOTAL FOR REV CATG: 07				980	235	0			
TOTAL FOR FUND: 010				9,959,684	7,081,315	972			

RUN DATE: 07/11/02
RUN TIME: 14:39
CTRREPT

C O M M O N W E A L T H O F M A S S A C H U S E T T S
MMARS- MASSACHUSETTS MANAGEMENT ACCOUNTING AND REPORTING SYSTEM

REPORT PAGE: 40
REPORT ID: RPT432D
FY 2002

ACCOUNTS RECEIVABLE AGING SUMMARY ANALYSIS REPORT
BY DEPARTMENT, FUND, REVENUE CATEGORY, REVENUE SOURCE
FY 2002 THROUGH PERIOD 12 AS OF 07/10/2002

EXHIBIT 2B

DEPT: XYZ

NUMBER OF DAYS PAST DUE

REV CAT	NAME	REV SRCE NAME	CURRENT	1-30	31-60	61-90	> 90	TOTAL
FUND: 010								
04	DE PT	0500 FEES					807	807
		2750 NSF CHAR					165	165

TOTAL FOR REV CATG: 04							972	972
TOTAL FOR FUND: 010							972	972
FUND: 134								
04	DEPT	0500 FEES					1,487	1,487
		0701 MISC. FE	439,700	109,050	118,850	141,689	3,261,394	4,070,683
		2703 F/PENAL.	154,400	63,900	49,500		1,297,293	1,565,093
		2751 INTEREST	556	565	513	820	805,197	807,653
		3529 DEBT SER			8,495	16,235	8,855,149	8,879,879
TOTAL FOR REV CATG: 04			594,656	173,515	177,358	158,745	14,220,521	15,324,797
TOTAL FOR FUND: 134			594,656	173,515	177,358	158,745	14,220,521	15,324,797
FUND: 149								
04	DEPT	0679 TXC USE		13,825			73,467	87,292
		2752 LATE CHA		590			28,145	28,735
TOTAL FOR REV CATG: 04				14,415			101,612	116,027

RUN DATE: 07/11/02
RUN TIME: 14:40
XYZ

C O M M O N W E A L T H O F M A S S A C H U S E T T S
MMARS- MASSACHUSETTS MANAGEMENT ACCOUNTING AND REPORTING SYSTEM
ACCOUNTS RECEIVABLE AGING DETAIL ANALYSIS
BY DEPARTMENT, FUND, REVENUE CATEGORY, REVENUE SOURCE
FY 2002 THROUGH PERIOD 12 AS OF 07/10/2002

REPORT PAGE: 1964
REPORT ID: RPT432E
FY 2002
EXHIBIT 2C

DEPT: XYZ

NUMBER OF DAYS PAST DUE

REV CAT	NAME	REV SRCE NAME	CURRENT	1-30	31-60	61-90	> 90	TOTAL
FUND: 010								
04	DEPT	0500 FEES						
		REXYZ10027BA200104					807	807
		TOTAL 0500					807	807
		2750 NSF CHAR						
		REXYZ0427434830099					15	15
		REXYZ10022Y0874299					15	15
		REXYZ10026CP900299					15	15
		REXYZ1002980221299					15	15
		REXYZ1002981053499					15	15
		REXYZ4300CRO210799					30	30
		REXYZ4300CR1095199					15	15
		REXYZ4300CR1289699					15	15
		REXYZ5000305957899					15	15
		REXYZ5000318860399					15	15
		TOTAL 2750					165	165
		0500 FEES						
		TOTAL FOR REV CATG: 04					972	972
		TOTAL FOR FUND: 010					972	972
FUND: 134								
	DEPT	FEES						
		REXYZ4400100374401					160	160
		REXYZ4400100375201					160	160
		REXYZ4400100554401					160	160
		REXYZ4400101004401					-160	-160
		REXYZ4400101555301					-160	-160
		REXYZ4400101694601					160	160
		REXYZ4400102425201					160	160
		REXYZ4400103165301					-112	-112

COMMONWEALTH OF MASSACHUSETTS
FY2002 ACCOUNTS RECEIVABLE ANALYSIS
DEPARTMENT/ORG: XYZ STATE DEPT.

EXHIBIT 3

1. FUND 010 REVENUE SOURCE 0550 CONDITION # 1
EXPLANATION:

RATES INCREASED 40% EFFECTIVE JULY 1, 2001 AND CLIENTS INCREASED BY 25%. THE CLIENT INCREASE RESULTED FROM THE CLOSING OF A NEARBY PRIVATE FACILITY.

2. FUND 010 REVENUE SOURCE 3129 CONDITION # 2
EXPLANATION:

THESE REVENUES ARE STRICTLY CASH BASIS FOR USER FEES. PAYMENT MUST BE RECEIVED BEFORE THE CUSTOMER IS ALLOWED TO USE DEPARTMENT FACILITIES.

3. FUND 010 REVENUE SOURCE 0644 CONDITION # 3
EXPLANATION:

THE ACCOUNTS RECEIVABLE COLLECTION PROCESS IS LENGTHY FOR THIS REVENUE SOURCE CODE. IN ADDITION THE RECEIVABLE INCLUDES \$600,000 ESTIMATED UNCOLLECTIBLES.

4. FUND 010 REVENUE SOURCE 0644 CONDITION # 4
EXPLANATION:

CUSTOMER XXX WITH \$300,000 RECEIVABLE RECENTLY DECLARED BANKRUPTCY. WE CONSIDER THIS RECEIVABLE TO BE UNCOLLECTIBLE. THE REMAINING \$300,000 ESTIMATED UNCOLLECTIBLES REPRESENTS 50% OF THIS DEPARTMENT'S RECEIVABLES WHICH ARE OVER 120 DAYS PAST DUE.

ANALYSIS

CONDITIONS: #1-Change between FY2001 and FY2002 revenue is > 25% and \$10,000,000.
#2-FY2002 revenue is > \$5,000,000 and there is no AR amount.
#3-Receiveable is > \$2,500,000 and > 25% of FY2002 revenue.
#4-Uncollectible is > \$500,000 and > 25% of the AR amount.
#5-Deferred revenue is > \$500,000 and >25% of the AR amount.

All items meeting these conditions are addressed on AR Analysis Work page(s) _____ through _____

DEPARTMENT CONTACTS:

PREPARED BY: CHIEF FISCAL OFFICER DATE: 08/02/2002 TELEPHONE: 727-XXXX

APPROVED BY: DEPARTMENT HEAD DATE: 08/02/2002

COMMONWEALTH OF MASSACHUSETTS

EXHIBIT 4

FY 2002METHODS FOR ESTIMATING UNCOLLECTIBLES AND DEFERRED REVENUE

DEPARTMENT/ORG: XYZ

UNCOLLECTIBLES ESTIMATION METHOD(S):

***50% OF ALL ACCOUNTS RECEIVABLE WHICH ARE 120 DAYS
PAST DUE ARE CLASSIFIED AS UNCOLLECTIBLE.***

DEFERRED REVENUE ESTIMATION METHOD(S):

DEPARTMENTAL - PER CONTRACT TERMS

When different policies are used for different revenue source codes, each policy, and the funds and revenues source codes to which it applies, must be described.

DEPARTMENT CONTACTS:

PREPARED BY: CHIEF FISCAL OFFICER DATE: 08/02/2002 TELEPHONE: 727-XXXX

APPROVED BY: DEPARTMENT HEAD DATE: 08/02/2002

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COMMONWEALTH OF MASSACHUSETTS
FY2002 FIXED ASSET DISPOSALS
DEPARTMENT/ORG: XYZ STATE DEPT.

EXHIBIT 5

List fixed assets disposed (recorded by an FD document) and disposal method and sales price received.
Ensure all FD's / disposals are entered in MMARS.

	<u>DATE:</u>	<u>ASSET DISPOSED</u>	<u>Fixed Asset # (FA #)</u>	<u>SALES PRICE</u>	<u>METHOD OF DISPOSAL</u>
1	<u>12/1/2001</u>	<u>One Police Car</u>	<u>1999V002494</u>	<u>\$10,000</u>	<u>sale</u>
2	<u>1/4/2002</u>	<u>One Building</u>	<u>1959B005393</u>	<u>\$0</u>	<u>demolished</u>
3	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
4	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
5	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
6	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
7	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
8	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
9	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
10	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

Description: EX 1: One police car was sold @ fair market value \$10,000
EX 2: The building on 2 Park Street, Boston was demolished

PREPARED BY	<u>CHIEF FISCAL OFFICER</u>	DATE:	<u>08/02/2002</u>	TELEPHONE:	<u>727-XXXX</u>
APPROVED BY	<u>DEPARTMENT HEAD</u>	DATE:	<u>08/02/2002</u>		

COMMONWEALTH OF MASSACHUSETTS
FY2002 ASSETS HELD IN TRUST
DEPARTMENT/ORG: XYZ STATE DEPT.

EXHIBIT 6

DESCRIPTION	JUNE 30, 2001	ADDITIONS	DELETIONS	JUNE 30, 2002
1 <u>CLIENT ACCOUNTS</u>	<u>655,000</u>	<u>50,000</u>	<u>30,000</u>	<u>675,000</u>
2 <u>CANTEEN FUNDS</u>	<u>84,000</u>	<u>21,000</u>	<u>17,000</u>	<u>88,000</u>
3 <u>GIFT SHOP FUNDS</u>	<u>2,000</u>	<u>700</u>	<u>600</u>	<u>2,100</u>
4 <u>CLIENT SAVINGS BONDS</u>	<u>63,000</u>	<u>12,000</u>	<u>2,000</u>	<u>73,000</u>
5 _____	_____	_____	_____	_____
6 _____	_____	_____	_____	_____
7 _____	_____	_____	_____	_____
8 _____	_____	_____	_____	_____
9 _____	_____	_____	_____	_____
10 _____	_____	_____	_____	_____
TOTALS:	<u>804,000</u>	<u>83,700</u>	<u>49,600</u>	<u>838,100</u>
PRIOR YEAR TOTALS:	<u>1,404,000</u>	<u>600,000</u>	<u>1,200,000</u>	<u>804,000</u>

EXPLANATIONS FOR SIGNIFICANT DIFFERENCES IN TOTALS:

FY2002 deletions are \$1,150,400 less than last year due to the fact that two facilities closed and 15% of the clients were privatized last year. Clients at the closed facilities and the privatized patients withdrew their savings from the state department.

- CRITERIA:
1. FY2002's balance is \$500,000 greater or less than the FY2001 balance.
 2. FY2002 additions or deletions are more than \$1,000,000 and 25% greater or less than the corresponding amount reported in FY2001.

PREPARED BY CHIEF FISCAL OFFICER DATE: 08/02/2002 TELEPHONE: 727-XXXX

APPROVED BY DEPARTMENT HEAD DATE: 08/02/2002

DESCRIPTION	AMOUNT AT JUNE 30, 2002	MMARS FUND	APPROPRIATION ACCOUNT
1. <u>OFFICE SUPPLIES</u>	<u>11,000</u>	<u>010</u>	<u>1234-5678</u>
2. <u>MEDICAL SUPPLIES</u>	<u>103,000</u>	<u>010</u>	<u>1234-5678</u>
3. <u>HOUSEKEEPING SUPPLIES</u>	<u>43,000</u>	<u>010</u>	<u>1234-5678</u>
4. <u>FOOD</u>	<u>52,000</u>	<u>010</u>	<u>8765-4321</u>
5. <u>OFFICE SUPPLIES</u>	<u>8,000</u>	<u>101</u>	<u>2345-6389</u>
6. _____	_____	_____	_____
7. _____	_____	_____	_____
8. _____	_____	_____	_____
9. _____	_____	_____	_____
10. _____	_____	_____	_____
TOTAL:	<u><u>217,000</u></u>		

PHYSICAL INVENTORY DATE:

COST FLOW METHOD: FIFO

PRICING ASSUMPTION: COST

MATERIALS AND SUPPLIES CONTROL SYSTEM DESCRIPTION (A SEPARATE NARRATIVE MAY BE ATTACHED):

AN AUTOMATED PERPETUAL MATERIALS AND SUPPLIES SYSTEM THAT PROVIDES A CONTINUOUS RECORD OF ALL ADDITIONS AND DELETIONS OF INDIVIDUAL ITEMS. QUARTERLY PHYSICAL COUNTS ARE DONE TO VERIFY THE ACCURACY OF THE SYSTEM'S BALANCES.

VARIANCES ARE INVESTIGATED AND APPROPRIATE ADJUSTMENTS ARE MADE TO AGREE THE SYSTEM BALANCE TO THE PHYSICAL COUNT.

DEPARTMENT CONTACTS:

PREPARED BY: CHIEF FISCAL OFFICER

DATE: 08/02/2002

TELEPHONE: 727-XXXX

APPROVED BY: DEPARTMENT HEAD

DATE: 08/02/2002

APPENDIX D: Actual FY2002 GAAP REPORTING FORMS

COMMONWEALTH OF MASSACHUSETTS
FY2002 GAAP REPORTING TRANSMITTAL
DEPARTMENT/ORG:

TO: Financial Reporting and Analysis Bureau
Office of the Comptroller
One Ashburton Place - 9th Floor
Boston, MA 02108

Attention: Cathy Digianni

Date
Received
by FRAB: _____

FROM: Name: _____
Title: _____
Telephone: _____

, Primary GAAP Liaison

We enclose the following GAAP information as of June 30, 2002:

	Completed	Not Applicable	Verified by FRAB
Decentralized/multi-facility forms	_____	_____	_____
Accounts Receivable:			
RPT286F	_____	_____	_____
Accounts Receivable Analysis Form	_____	_____	_____
Method for Estimating Uncollectible and Deferred Revenue	_____	_____	_____
Fixed Asset Disposals	_____	_____	_____
Assets Held in Trust	_____	_____	_____
Materials and Supplies	_____	_____	_____
Other: _____	_____	_____	_____
_____	_____	_____	_____
PREPARED BY: _____	DATE: _____		
APPROVED BY: _____	DATE: _____		

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COMMONWEALTH OF MASSACHUSETTS
FY2002 ACCOUNTS RECEIVABLE ANALYSIS
DEPARTMENT/ORG: _____

1. FUND _____ REVENUE SOURCE _____ CONDITION # _____
EXPLANATION:

2. FUND _____ REVENUE SOURCE _____ CONDITION # _____
EXPLANATION:

3. FUND _____ REVENUE SOURCE _____ CONDITION # _____
EXPLANATION:

4. FUND _____ REVENUE SOURCE _____ CONDITION # _____
EXPLANATION:

ANALYSIS

CONDITIONS: #1-Change between FY2001 and FY2002 revenue is > 25% and \$10,000,000.
#2-FY2002 revenue is > \$5,000,000 and there is no AR amount.
#3-Receiveable is > \$2,500,000 and > 25% of FY2002 revenue.
#4-Uncollectible is > \$500,000 and > 25% of the AR amount.
#5-Deferred revenue is > \$500,000 and >25% of the AR amount.

All items meeting these conditions are addressed on AR Analysis Work page(s) _____ through _____

DEPARTMENT CONTACTS:

PREPARED BY: _____ DATE: _____ TELEPHONE: _____

APPROVED BY: _____ DATE: _____

COMMONWEALTH OF MASSACHUSETTS
FY 2002 METHODS FOR ESTIMATING UNCOLLECTIBLES AND DEFERRED REVENUE
DEPARTMENT/ORG: _____

UNCOLLECTIBLES ESTIMATION METHOD(S):

DEFERRED REVENUE ESTIMATION METHOD(S):

When different policies are used for different revenue source codes, each policy, and the funds and revenues source codes to which it applies, must be described.

DEPARTMENT CONTACTS:

PREPARED BY: _____ DATE: _____ TELEPHONE: _____

APPROVED BY: _____ DATE: _____

COMMONWEALTH OF MASSACHUSETTS
FY2002 FIXED ASSET DISPOSALS
DEPARTMENT/ORG:

List fixed assets disposed (recorded by an FD document) and disposal method and sales price received.
Ensure all FD's / disposals are entered in MMARS.

	<u>DATE:</u>	<u>ASSET DISPOSED</u>	<u>Fixed Asset # (FA #)</u>	<u>SALES PRICE</u>	<u>METHOD OF DISPOSAL</u>
1	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____
5	_____	_____	_____	_____	_____
6	_____	_____	_____	_____	_____
7	_____	_____	_____	_____	_____
8	_____	_____	_____	_____	_____
9	_____	_____	_____	_____	_____
10	_____	_____	_____	_____	_____

Description:

PREPARED BY _____

DATE: _____

TELEPHONE: _____

APPROVED BY _____

DATE: _____

COMMONWEALTH OF MASSACHUSETTS
FY2002 ASSETS HELD IN TRUST
DEPARTMENT/ORG:

DESCRIPTION	JUNE 30, 2001	ADDITIONS	DELETIONS	JUNE 30, 2002
1 _____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____
5 _____	_____	_____	_____	_____
6 _____	_____	_____	_____	_____
7 _____	_____	_____	_____	_____
8 _____	_____	_____	_____	_____
9 _____	_____	_____	_____	_____
10 _____	_____	_____	_____	_____
TOTALS:	=====	=====	=====	=====
PRIOR YEAR TOTALS:	=====	=====	=====	=====

EXPLANATIONS FOR SIGNIFICANT DIFFERENCES IN TOTALS:

- CRITERIA:
1. FY2002's balance is \$500,000 greater or less than the FY2001 balance.
 2. FY2002 additions or deletions are more than \$1,000,000 and 25% greater or less than the corresponding amount reported in FY2001.

PREPARED BY _____ DATE: _____ TELEPHONE: _____

APPROVED BY _____ DATE: _____

COMMONWEALTH OF MASSACHUSETTS
FY2002 MATERIALS AND SUPPLIES
DEPARTMENT/ORG:

DESCRIPTION	AMOUNT AT JUNE 30,2002	MMARS FUND	APPROPRIATION ACCOUNT
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10			
TOTAL:			

PHYSICAL INVENTORY DATE:

COST FLOW METHOD: _____ PRICING ASSUMPTION: _____

MATERIALS AND SUPPLIES CONTROL SYSTEM DESCRIPTION
(A SEPARATE NARRATIVE MAY BE ATTACHED):

DEPARTMENT CONTACTS:

PREPARED BY: _____ DATE: _____ TELEPHONE: _____

APPROVED BY: _____ DATE: _____

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